



Tennessee Housing Development Agency

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MEMORANDUM

TO: THDA Board of Directors

FROM: Ed Yandell, Director of Multifamily and Special Programs

SUBJECT: Request to amend 2002 Low-Income Housing Tax Credit Qualified Allocation Plan

DATE: March 8, 2002

Part IV C. (page 3) of the 2002 Low-Income Housing Tax Credit Qualified Allocation Plan (QAP) describes the limit on the maximum amount of 2002 credit that may be allocated to a single applicant, developer, owner, or related parties as follows:

C. By Developer or Related Parties

1. The maximum amount of Tax Credits that may be allocated to a single applicant, developer, owner, or related parties shall not exceed one million four hundred thousand dollars (**\$1,400,000**). THDA reserves the right, in its sole discretion, to determine whether related parties are involved for the purpose of applying this limitation.
2. An applicant, developer, owner, or related party may not submit more than one Initial Application or be involved in more than one development per county with respect to 2002 Tax Credits. THDA reserves the right, in its sole discretion, to determine whether related parties are involved for the purpose of applying this limitation.

Staff has recently been questioned about how this limit will be applied in various situations. As a result, staff requests the Board's approval to amend Part IV C. of the 2002 QAP by adding the following language:

3. a. Any person or entity who has a right to (i) replace the developer, (ii) act as co-developer, (iii) replace any individuals or entities who comprise a developer or co-developer, or (iv) otherwise direct the activities of the developer will be considered a developer for purposes of applying this limit.

- b. Any person or entity who has a right to (i) replace the general partner of the owner or applicant, (ii) act as co-general partner of the owner or applicant, (iii) replace any individuals or entities who comprise a general partner or co-general partner of the owner or applicant, or (iv) otherwise direct the activities of the general partner of the owner or applicant will be considered an owner or applicant, as the case may be, for purposes of applying this limit.
- c. Any person or entity who has a right to (i) replace the controlling stockholder of the owner or applicant, (ii) act as controlling stockholder of owner or applicant, (iii) replace any individuals or entities who comprise a controlling stockholder of the owner or applicant, or (iv) otherwise direct the activities of the controlling stockholder of the owner or applicant will be considered an owner or applicant, as the case may be, for purposes of applying this limit.
- d. Any person or entity who has a right to (i) replace the managing member of the owner or applicant, (ii) act as co-managing member of the owner or applicant, (iii) replace any individuals or entities who comprise a managing member or co-managing member of the owner or applicant, or (iv) otherwise direct the activities of the managing member of the owner or applicant will be considered an owner or applicant, as the case may be, for purposes of applying this limit.
- e. This limit will also apply to any person or entity who is related to any person or entity specified above.

Your approval of this request will necessitate changes to the 2002 Low-Income Housing Tax Credit Initial Application and / or Attachments.

Thank you for your consideration.